GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

STARRED QUESTION NO:91
ANSWERED ON:04.03.2008
EQUITY FUNDING AND DESIGN INTERVENTION SCHEMES
Meghwal Shri Kailash

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a): whether the Government proposes to launch equity funding and design intervention schemes for micro, small and medium enterprises to improve their competitiveness;

(b): if so, the details thereof;

(c): whether the Government proposes to improve availability of finances for the units of this sector;

(d): if so, the details thereof; and

(e): the time by when these initiatives are likely to be taken by the Government?

Answer

MINISTER OF MICRO, SMALL & MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in the reply of parts (a) to (e) in respect of the Lok Sabha Starred Question No. 91 for answer on 04.03.2008

(a) and (b): For providing equity support to the micro, small and medium enterprises (MSMEs), Small Industries Development Bank of India (SIDBI) has set up SIDBI Venture Capital Limited (SVCL). SVCL is managing two funds, namely, National Venture Fund for Software and Information Technology and SME Growth Fund with a corpus size of Rs.100 crore and Rs.500 crore respectively. In addition, SIDBI has allocated a corpus of Rs.100 crore to directly provide equity assistance to well performing existing MSME customers of SIDBI.

For enhancing the competitiveness of the Indian manufacturing sector, the Government has announced the National Manufacturing Competitiveness Programme (NMCP). Design Intervention is a part of the NMCP that aims to bring the MSME sector and design expertise on a common platform and to provide expert advice and solutions on design problems.

(c) and (d): The Government has announced a `Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)`on 1 0 August 2005. The measures in the Policy Package to increase the quantum of credit to SMEs (including micro and small enterprises) include: (i) public sector banks to fix their own targets for funding SMEs in order to achieve a minimum 20% year-on-year growth in credit to the SME sector, (ii) public sector banks to follow a transparent rating system with cost of credit being linked to the credit rating of the enterprise, (c) commercial banks to make concerted efforts to provide credit cover on an average to at least 5 new micro, small and medium enterprises at each of their semi urban/ urban branches per year, and (d) adoption of cluster- based approach by banks for SME financing.

(e): The Scheme for equity support is already under operation and the Scheme for Design Intervention is presently under finalisation.